

Vermont Department of Taxes
TECHNICAL BULLETIN

TAX: SALES

SUBJECT: Tax on Tracked Vehicles

REFERENCE: 32 V.S.A. § 9741 (38)

TB-52

ISSUED: July 1, 2008 (as TB-43)

REVISED: July 1, 2010 (as TB-52);
May 25, 2012; June 10, 2014;
June 14, 2016; July 3, 2018; July
6, 2020

Subsection 9741(38) of Title 32 Vermont Statutes Annotated limits the sales and use tax imposed on the purchase of tracked vehicles. The law further provides that the maximum tax will be adjusted as of July 1 of each even numbered year by the cumulative inflation index for the prior two calendar years under the Consumer Price Index for urban consumers - all items and rounded to the nearest ten dollars.

The maximum Vermont tax for sales occurring between July 1, 2020 and June 30, 2022 is \$1,440.00 after adjusting for 2018 and 2019 inflation.

The cap is computed as follows:

Unrounded cap for July 1, 2018 to June 30, 2020	\$1,377.93
CPI Urban - All Items December 2018-December 2019	¹ <u>X1.04239</u>
Unrounded cap July 1, 2020	\$1,436.34
Maximum tax July 1, 2020 through June 30, 2022	\$1,440.00

If the sale of a tracked vehicle takes place in a municipality where the local option sales tax is collected, the additional 1% tax is also due on the sale of tracked vehicles for the first \$24,000 of the price of the vehicle. In cases where the sales price of a tracked vehicle is greater than \$24,000, the local option tax is capped at \$240. In such cases, the total sales tax collected is \$1,680 (\$1,440.00 cap as calculated above and the additional local option tax of \$240.)

There is no change in the sales and use tax filing requirements of vendors of tracked vehicles. For sales tax reporting purposes, the total sales price of the vehicle will be reported on the vendor's sales tax return as total sales (Line 1), with the balance of any such sale that exceeds \$24,000 shown as nontaxable sales on Line 2.

Example for the sale of a tracked vehicle:

INVOICE		SALES TAX REPORTING CALCULATION	
Selling price	\$78,000	Totals sales	\$78,000
Sales tax due	<u>\$1,440</u>	Nontaxable sales	\$54,000
Total due	\$79,440	Taxable sales	\$24,000
INVOICE (Local Option jurisdiction)		Sales Tax Due at 6%	\$1,440
Selling price	\$78,000	Local Option Tax (Line 4c, if applicable)	\$240
Sales tax due	<u>\$1,680</u>	Total Tax Due	\$1,680
Total Due	\$79,680		

Approved: _____

Craig Bolio
Commissioner of Taxes

Date: _____